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**FISCAL IMPACT STATEMENT**

**LS 7498**

**BILL NUMBER:** HB 1479

**NOTE PREPARED:** Jan 10, 2011

**BILL AMENDED:**

**SUBJECT:** School Performance and Turnaround Academies.

**FIRST AUTHOR:** Rep. Behning

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that a school that remains in either of the two lowest performance categories for a fifth year, or, in certain circumstances after a third or fourth year, becomes a Turnaround Academy.

The bill requires the State Board of Education to set specific goals for a Turnaround Academy, and allows the Turnaround Academy to be operated by a special management team.

The bill provides that a Turnaround Academy that meets the goals set for it becomes an independent school corporation.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** The bill will require the State Board of Education to:

1. Create a turn around plan.
2. Set the parties responsible for the interventions.
3. Set the period or time for the interventions.
4. Define annual goals for the Turnaround Academy.
5. Identify consequence for failure to meet goals.

The bill does not specify how the turnaround students are counted in the tuition support formula or if the Turnaround Academies are eligible for tuition support. If the Turnaround Academy becomes an independent school corporation, they are eligible for tuition support.

If the State Board enters into a contract with a special management team, the team has to secure a performance bond. It is assumed that the contract would specify how the special management team would receive revenue to operate the school.

The State Board and the Department of Education, “DOE,” would have duties associated with the Turnaround Academies. Some of the new duties are clarification of duties for school in their 4<sup>th</sup> and 5<sup>th</sup> year of placement in the lowest performance categories. The Board can currently assign a special management team to operate the school. Any additional responsibilities would be done within the existing budget.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Turnaround Academy:* The bill would create a Turnaround Academy for a school that remains in either of the two lowest performance categories for a fifth year, or, in certain circumstances after a third or fourth year. The Academy could contract with a school corporation for goods or services. If the State Board uses a special management team, then the team can lease the school building for \$1 per year. The lease must include all the building’s contents, equipment, and supplies located in the building. The special management team would not be subject to the state collective bargaining law.

When a Turnaround Academy is release from the special management team, the Turnaround Academy becomes an independent school corporation. The new school corporation could continue to lease the building or purchase the building.

The bill does not specify how the turnaround students are counted in the tuition support formula or if the turnaround academies are eligible for tuition support.

**Explanation of Local Revenues:** The bill specifies that the county auditor will distribute to DOE the per capita share of capital projects and transportation funds to DOE.

When the Turnaround Academy is released and becomes a school corporation the county auditor would have to define tax area for the new school corporation. The area would overlap with existing school corporations. The new school corporation would be eligible for all state, including tuition support, and federal funding.

**State Agencies Affected:** Department of Education, Department of Local Government Finance.

**Local Agencies Affected:** Local Schools.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.